

RENTAL MARKET REPORT

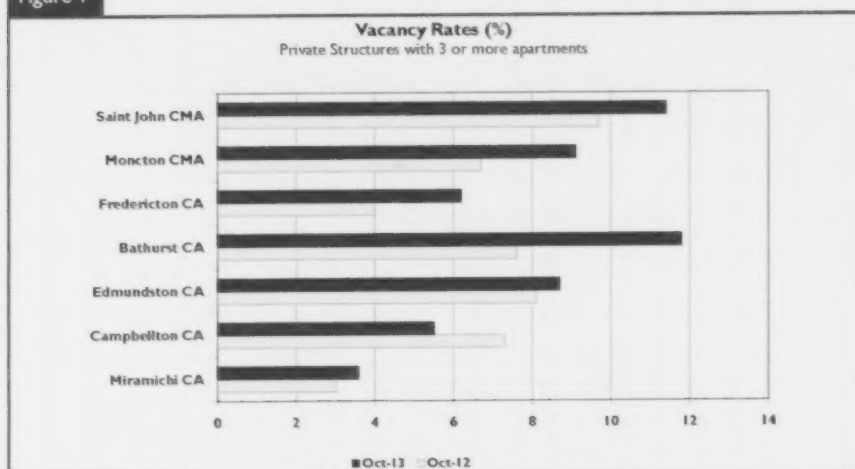
New Brunswick Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2013

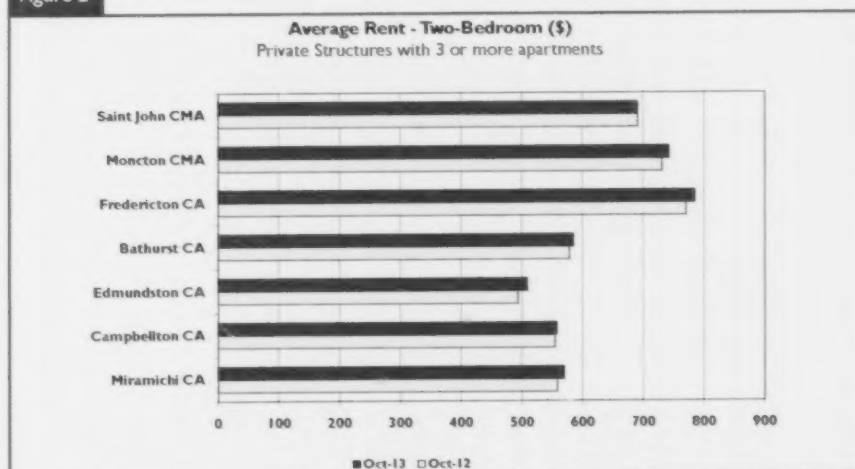
Figure 1



Vacancy Rate Higher in Most Provincial Urban Centres

- The overall vacancy rate for New Brunswick's urban centres was at 8.9 per cent in October 2013. The vacancy rate for individual centres ranged between 3.6 and 11.8 per cent.
- The highest average two-bedroom rent was recorded in Fredericton at \$785 per month, while the lowest was observed in Edmundston at \$509.
- The overall availability rate for the province's seven urban centres stood at 9.4 per cent.
- Based on structures common to both the 2012 and 2013 surveys, the average rent increase was 0.8 per cent which is a reflection of softer demand.

Figure 2



*Only centres with a population of 10,000 + are included in the survey. Detailed reports are available for CMAs.

Overview – Large Urban Centres

Results from Canada Mortgage and Housing Corporation's (CMHC) 2013 Fall Rental Market Survey¹ revealed a higher vacancy rate in each of New Brunswick's three large urban centres². The vacancy rate in Fredericton was the lowest in this group at 6.2 per cent. In both Moncton and Saint John, the fall 2013 vacancy rates were significantly higher at 9.1 and 11.4 per cent, respectively.

The rental markets of Moncton and Fredericton have followed similar trends in recent years. In particular, they are the only two centres recording consistent net-migration gains for over a decade. Generally, younger age groups make up a significant share of in-migration and, given their higher propensity to rent, they in turn generate demand for each respective rental market. The pace of rental market construction in Moncton and Fredericton has remained above average since 2010. The rental stock has therefore grown faster than demand. In addition, provincial out-migration has been rising with a net population loss in 2012. Extending into 2013, slowing net-migration gains impacted both Moncton and Fredericton. Combined, these factors had a significant contribution to the higher vacancy rates observed in 2013.

In Saint John, the rental market trends have been notably different as demonstrated by the respective level of construction activity. Rental starts in Moncton and Fredericton from the start of 2010 to the end of the

third quarter of 2013 totaled 1,728 and 842 units, respectively. During the same period, rental starts in Saint John recorded only 457 units. Despite limited construction activity, the vacancy rate reached 11.4 per cent in Saint John, representing the second highest rate in the province. While the higher vacancy rates in Moncton and Fredericton stemmed from elevated supply levels, the rise in Saint John can be attributed to weak demand. Slow population growth and weak housing prices continue to draw current and potential renters to homeownership.

Among the three major urban centres in the province, Fredericton posted the highest average two-bedroom rent at \$785 per month. The average rent in both Moncton and Saint John were lower at \$742 and \$691 per month, respectively.

The average availability rate in the province stood at 9.4 per cent this fall. The availability rate in Fredericton was significantly lower than the provincial average at 6.6 per cent. In Moncton and Saint John, the availability rates in the fall of 2013 were higher at 9.7 and 12.0 per cent, respectively.

Vacancy Rate – Small Urban Centres

The vacancy rates in Campbellton, Edmundston and Miramichi were lower than the provincial average in October 2013. For these centres, individual vacancy rates ranged between the province's lowest rate of 3.6 per cent in Miramichi to 8.7 per cent in Edmundston. The vacancy rate in Bathurst was the highest in the province at 11.8 per cent. In the

smaller urban centres, apartment unit construction has been limited by relatively weak demand resulting from steady out-migration. Because of the small size of the local rental markets, even minor changes in migration patterns can result in significant annual fluctuations in the vacancy rate.

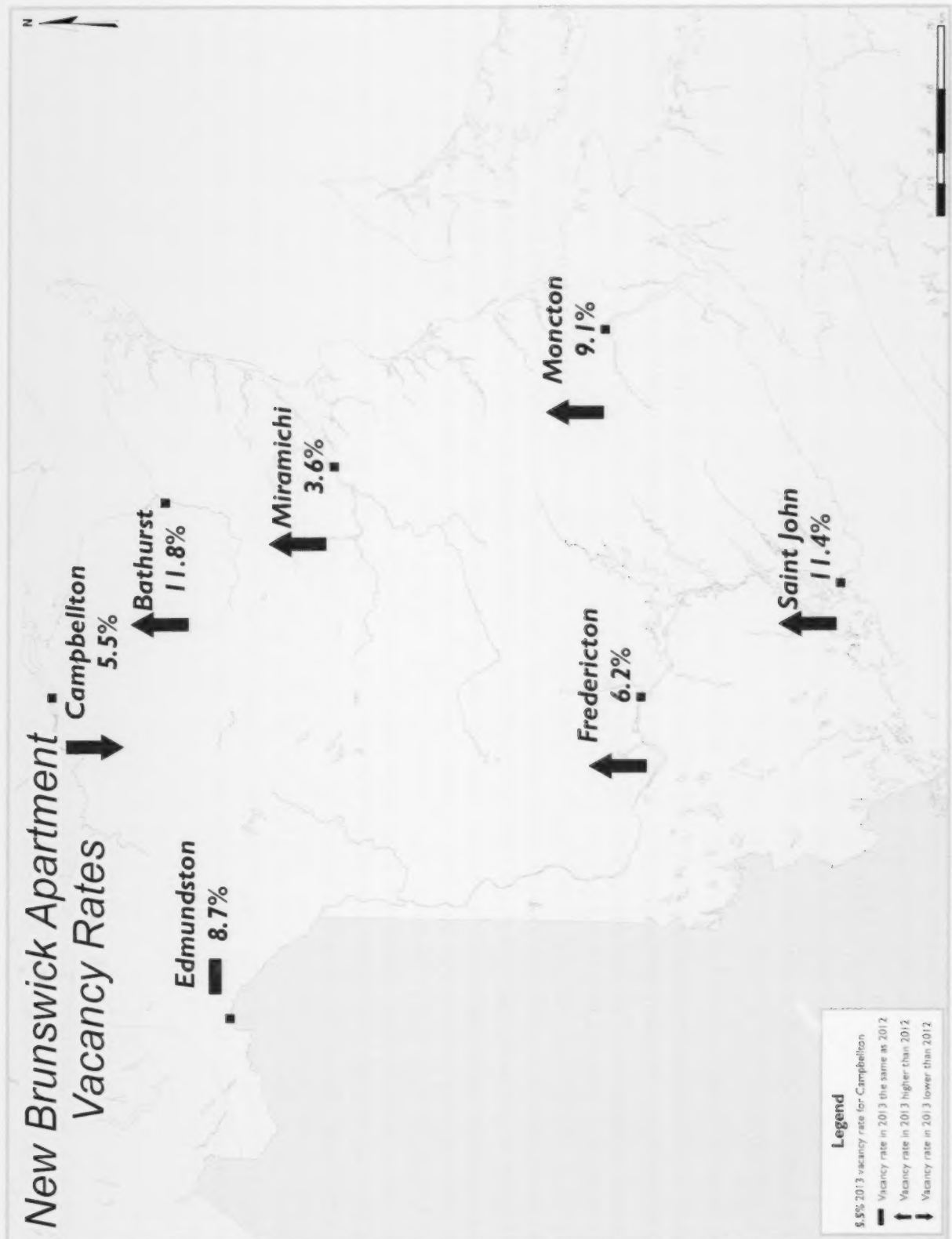
Average Rent – New Brunswick Urban Centres

Overall, average rents in all of New Brunswick's urban centres, based on structures common to both the 2012 and 2013 surveys³, were up 0.8 per cent. The average rent increases in the large urban centres ranged between 0.7 and 1.3 per cent as excess supply provided ample options for renters and helped avoid any upward pressure on rent levels. The increase in overall average rents for a two-bedroom unit stood at 1.0 per cent.

1 Based on privately-initiated rental apartments in structures of three or more units.

2 Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

3 When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2012 and 2013 Fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants.



1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
Moncton CMA	**	6.7	4.5	6.7	7.4	10.2	**	8.2	6.7	9.1
Saint John CMA	10.5	9.0	10.7	10.6	9.2	11.8	9.5	12.0	9.7	11.4
Bathurst CA	20.0	19.2	10.3	15.7	4.8	8.6	1.0	10.4	7.6	11.8
Campbellton CA	11.2	7.2	9.2	6.5	5.7	4.2	6.1	**	7.3	5.5
Edmundston CA	**	12.9	11.8	10.6	5.4	7.8	5.1	**	8.1	8.7
Fredericton CA	2.7	8.2	3.4	3.3	4.1	6.8	5.5	7.9	4.0	6.2
Miramichi CA	9.0	11.6	3.7	3.5	2.8	3.0	0.0	7.0	3.0	3.6
New Brunswick 10,000+	8.8	9.2	7.1	7.7	6.7	9.3	7.1	9.5	6.9	8.9

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

- No units exist in the universe for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.2 Private Apartment Average Rents (\$) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
Moncton CMA	485	532	619	626	731	742	897	908	709	713
Saint John CMA	486	486	587	582	691	691	734	763	660	664
Bathurst CA	350	349	460	471	579	585	569	582	521	529
Campbellton CA	398	415	439	447	555	557	660	656	511	516
Edmundston CA	360	370	426	445	494	509	567	574	466	482
Fredericton CA	571	591	651	656	771	785	1,035	1,000	770	771
Miramichi CA	323	396	492	515	559	570	566	590	536	553
New Brunswick 10,000+	478	504	586	591	707	715	848	842	681	685

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b - Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** Data suppressed to protect confidentiality or data not statistically reliable.

- No units exist in the universe for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
Moncton CMA	366	442	2,437	2,585	6,898	7,100	489	499	10,190	10,626
Saint John CMA	377	364	2,294	2,250	4,733	4,654	1,154	1,121	8,558	8,389
Bathurst CA	130	130	367	364	686	695	104	106	1,287	1,295
Campbellton CA	45	44	322	337	428	439	69	76	864	896
Edmundston CA	61	62	465	462	639	655	79	78	1,244	1,257
Fredericton CA	366	370	1,623	1,620	4,277	4,267	823	833	7,089	7,090
Miramichi CA	23	26	219	227	561	568	44	44	847	865
New Brunswick 10,000+	1,368	1,438	7,727	7,845	18,222	18,378	2,762	2,757	30,079	30,418

The following letter codes are used to indicate the reliability of the estimates:

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- No units exist in the universe for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
Moncton CMA	**	6.7	5.5	7.3	8.2	10.8	7.7	8.5	7.6	9.7
Saint John CMA	10.5	9.4	11.2	11.7	9.6	12.2	9.7	12.5	10.1	12.0
Bathurst CA	20.0	19.2	10.5	16.5	4.8	8.9	1.0	11.3	7.7	12.3
Campbellton CA	11.2	7.2	9.5	6.5	6.4	4.6	6.1	**	7.8	5.7
Edmundston CA	**	12.9	12.1	10.9	6.2	8.0	5.1	**	8.7	8.9
Fredericton CA	2.7	8.7	3.7	3.6	4.6	7.3	5.7	8.0	4.4	6.6
Miramichi CA	9.0	15.4	4.6	4.0	3.5	3.2	0.0	7.0	3.8	4.0
New Brunswick 10,000+	9.0	9.5	7.7	8.3	7.3	9.8	7.4	9.8	7.5	9.4

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

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- No units exist in the universe for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent¹ by Bedroom Type New Brunswick

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12	Oct-11	Oct-12
	to	to	to	to	to	to	to	to	to	to
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
Moncton CMA	4.1	++	2.5	0.9	1.9	2.0	1.6	1.4	2.2	1.3
Saint John CMA	2.9	1.8	2.9	++	3.4	++	-3.8	1.7	2.6	++
Bathurst CA	++	0.1	2.7	2.0	2.9	0.4	6.3	2.5	2.6	1.0
Campbellton CA	-1.5	2.6	0.5	2.0	2.1	1.1	++	2.3	1.4	1.7
Edmundston CA	++	5.2	++	4.5	2.5	++	**	++	++	2.5
Fredericton CA	++	**	2.9	++	3.3	0.8	1.0	1.5	2.7	0.7
Miramichi CA	++	**	-0.9	1.4	1.3	2.5	**	0.9	0.8	2.9
New Brunswick 10,000+	2.5	1.9	2.4	0.7	2.7	1.0	++	1.5	2.4	0.8

¹The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

- No units exist in the universe for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market** (SRMS) in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS – rented single-detached homes, semi-detached (double) homes, rented freehold row/townhomes, rented duplex apartments (i.e., one-above-other), rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type), rented condominiums (can be any dwelling type but are primarily apartments), and one or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

- A Household Rent Survey of all households to collect information about rents.
- A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
- A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. Rented condominium apartments were surveyed in the following CMAs: Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Ottawa, Montréal and Québec (NOTE: Condo rent data was not collected for Regina and Saskatoon). Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Quebec, St. John's, Toronto, Winnipeg, Regina, Saskatoon, Kelowna, Vancouver and Victoria.

Every year CMHC reviews the method of estimation for Household Rent Survey, which may result in some changes to previously published estimates. All statistics in this report are reflective of the new method of estimation.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

Rental Affordability Indicators

CMHC no longer reports on its rental affordability indicators (i.e. average rent compared to average renter income) given significant variability of underlying renter income data.

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